

**EDUCATION DEPARTMENT[281]**

**Adopted and Filed**

Pursuant to the authority of Iowa Code section 256.7(5), the State Board of Education hereby adopts new Chapter 98, “Financial Management of Categorical Funding,” Iowa Administrative Code.

This chapter provides guidance in a single document for school districts and area education agencies on financial management of funding pursuant to Iowa Code section 256.9(18), and for auditors examining the financial condition and transactions of school districts and area education agencies pursuant to Iowa Code section 11.6(1)“a”(1).

Notice of Intended Action was published in the May 20, 2009, Iowa Administrative Bulletin as **ARC 7781B**. A public hearing was held on June 9, 2009, and public comments were allowed until close of business on that same date. Two individuals appeared, but one, a lobbyist for the home school assistance program, provided the comments. In addition, the same individual provided written questions and comments. The comments in essence requested that the home school assistance program be treated as a public school program similar to the statewide voluntary four-year-old preschool program. However, the preschool program is a public school program, but a home school assistance program is not dual enrollment into a public school program, but rather is a program that is home-based with assistance given by the public school to that home-based instructional program. The requested changes would conflict with the intent of the program as home-based and would contradict appropriate accounting procedures or terminology.

One change has been made in response to public comment. The word “supervising” has been added before “teacher” in the first sentence of paragraph 98.12(1)“a.” Paragraph “a” now reads as follows:

“a. Salary and benefits for the supervising teacher of HSAP students. If the teacher is a part-time HSAP teacher and a part-time regular classroom teacher, then the portion of time that is related to HSAP may be charged to the program, but the portion of time that is related to the regular classroom shall not.”

No public comments were received from any other individuals or groups, and no comments were received on any other programs.

In response to a review by department staff of editorial questions that arose during the Notice process, other nonsubstantive changes have been made to clarify the language in Chapter 98, including:

- In paragraph 98.21(2)“a,” the phrase “beyond the services provided” has been changed to “to provide services beyond those provided” for clarity.
- The punctuation was modified in paragraph 98.64(2)“f.”
- The introductory paragraph of rule 281—98.65(276,300), last sentence, has been revised to change the term “PERL levy” to “a levy for a PERL fund.”
- In rule 281—98.93(298A), next to last sentence, the term “these funds” was changed to “these pension trust funds.”

Finally, rule 281—98.112(275) pertaining to the equalization levy fund and originally overlooked has been added since Chapter 98 was published under Notice of Intended Action. The new rule reads as follows:

**“281—98.112(275) Equalization levy fund.** If necessary to equalize the division of liabilities and distribution of assets in a reorganization, merger, or dissolution, the board of a school district may provide for the levy of additional taxes upon the property of the former district so as to effect equalization pursuant to Iowa Code section 275.31. Once the levy has been received, the district shall transfer the funds before the end of the fiscal year to the funds for which equalization was necessary and for which the taxes were levied.

**“98.112(1) Sources of revenue for the equalization levy fund.** Sources of revenue for the equalization levy fund include a tax levy pursuant to Iowa Code section 275.31, and interest on those moneys.

**“98.112(2) Appropriate uses of the equalization levy fund.** Appropriate expenditures from the equalization levy fund are limited to transfers to the funds, in the same proportion, for which equalization was necessary and for which the taxes were levied.

“**98.112(3)** Inappropriate uses of the equalization levy fund. Inappropriate uses of the equalization levy fund would include transfers to any fund for which equalization was not required or for which the equalization tax was not levied and any uses other than transfers.”

An agencywide waiver provision is provided in 281—Chapter 4.

These rules will become effective on September 30, 2009.

These rules are intended to implement Iowa Code chapters 24, 29C, 76, 143, 256, 256B, 257, 274, 275, 276, 279, 280, 282, 283A, 284, 284A, 285, 291, 294A, 296, 298, 298A, 299A, 300, 301, 423E, 423F, 565, and 670 and sections 11.6(1)“a”(1), 256C.4(1)“c,” and 256D.4(3).

EDITOR’S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these rules [Ch 98] is being omitted. With the exception of the changes noted above, these rules are identical to those published under Notice as **ARC 7781B**, IAB 5/20/09.

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